



FANTINI'S GAMING REPORT®

*More Important Than Your Morning Coffee...
... And Now More Important Than Ever™*

Special Reporting Service

April 12, 2020

Frank Fantini – *Publisher*

Ashley Diem – *Associate Publisher and Executive Editor*

Blake Weishaar – *Editor*

Fantini's COVID-19 Gaming Daily – Weekend Update

INDEX

CONSUMER SENTIMENT PLUNGES

ANALYSTS: MACAU, MGM, NAGACORP, WYNN

COMPANIES: BLOOMBERRY, CZR, COSMO, ERI, GREENWOOD, OKURA, RRR,
RUSH ST

US: CA, IA, MI, NJ, OK, OR, US, WI

INTERNATIONAL: AUSTRALIA, JAPAN, SWEDEN

MONTANA AG ALSO APPEALS TO TRUMP

DOING GOOD: BLOOMBERRY, COWLITZ, LVS, MGM, MERUELO, PASKENTA,
SPECTACLE, UTE MTN

RELIEF FUNDS: MGM, PENN, WMH

CONVENTIONS, TRADE SHOWS, CONFERENCES, EXPOS

NOTE: We welcome all news and developments that companies and investors want to submit for this report. Send to Editor@FantiniResearch.com. In addition, you may reach Editor Blake Weishaar at BWeishaar@FantiniResearch.com or by phone at +1 302 730 3793.

CONSUMER SENTIMENT PLUNGES

One of the most closely watched indicators in gaming, US consumer sentiment, plunged a record 18.1 points to 71 in early April, as measured by the University of Michigan consumer sentiment index.

ANALYSTS: MACAU, MGM, NAGACORP, WYNN

- MACAU. Vitaly Umansky of Bernstein expects Macau gaming revenue to fall 37 percent this year as COVID-19 continues to result in visitation restrictions.

Revenue should increase 9 percent annually after next year, with mass-market outperforming VIP, he said.

Galaxy Entertainment stands out as the least risky Macau gaming operator due to its strong balance sheet and no debt, he said.

The company could last more than 3.5 years on cash before tapping into debt, he added.

Galaxy should be well-positioned to capture Macau's recovery as it is strong in both VIP and mass-market, Umansky said.

Additionally, Phase Three of Galaxy Macau will boost the company's mass and premium mass-market offerings, he said.

- **MGM RESORTS.** Carlo Santarelli of Deutsche Bank cut his target to \$13 on lower earnings estimates as a result of COVID-19.

The current price suggests MGM next year will generate 80 to 85 percent of last year's EBITDAR, he said

Santarelli expects the Las Vegas Strip to have the slowest recovery of gaming markets due to reliance on air travel, larger fixed costs associated with its big properties and the inability to bring rooms back online profitably.

He expects MGM's Las Vegas properties to remain closed through May, which he says could be a conservative outlook. Las Vegas next year will likely generate 90 percent of last year's gaming revenue, he added.

MGM's regional casinos should reopen in May, however, some properties such as Borgata and Empire City could open later, Santarelli said.

His EBITDA estimates fall to \$849 million this year and \$1.984 billion next year with losses per share of \$3.24 and \$1.30.

- **NAGACORP.** Lok Kan Chan of Credit Suisse lowered his target to HK\$13 due to casino closures and travel restrictions associated with COVID-19.

He assumes NagaCorp's casinos will reopen in May and that the company will have burned through US\$500,000 during the shutdown.

Chan maintains his outperform rating as he likes NagaCorp's gaming monopoly in Phnom Penh and diverse customer base.

He expects EBITDA of HK\$560.5 million this year and \$796.9 million next year with earnings per share of 10 and 15 cents.

- **WYNN RESORTS.** Felicia Hendrix of Barclays estimates WYNN can last until April of next year with casinos closed.

WYNN's planned \$600 million senior notes will bolster an already strong balance sheet, she said.

COMPANIES: BLOOMBERRY, CZR, COSMO, ERI, GREENWOOD, OKURA, RRR, RUSH ST

- BLOOMBERRY RESORT CEO Ricky Razon called this year a write-off but has no concerns on cash running low, Inside Asian Gaming reported.

He expects a substantial decline in revenue but said the primary focus is taking care of employees.

Customer spending may not recover as quickly once the quarantine ends, Razon said.

Bloomberry closed Solaire Casino in Manila on March 15. It will remain closed until April 30.

- CAESARS. Shania Twain has canceled her shows at Planet Hollywood in Las Vegas through June but intends to resume in August.

- COSMOPOLITAN is furloughing employees but will maintain pay and benefits until June.

- ELDORADO RESORTS is furloughing employees throughout its properties and top management will be taking pay cuts, the Las Vegas Review-Journal reported.

ERI said that "with the recently announced extensions of many of these closures, we now need to make difficult decisions to help preserve our liquidity and be prepared for the day when we are able to resume operations," the RJ quoted from a letter it had obtained.

ERI shut its 23 casinos on March 17 and its Pompano, Florida, racino on the 18th.

- GREENWOOD's Parx Casino north of Philadelphia is furloughing its 2,200 employees. The casino has been closed since March 13.

- OKURA HOLDINGS plans to continue operating pachinko halls in Japan despite the country calling for the closing of all those halls.

- RED ROCK RESORTS is extending pay and benefits to employees through May 15.

- RUSH STREET is furloughing most employees at Rivers Pittsburgh. The company's Schenectady, New York, casino is expected to stay closed through June. Those employed workers will be asked to take pay cuts, WNYT-TV reported.

US: CA, IA, MI, NJ, OK, OR, US, WI

- CALIFORNIA. Red Hawk and San Manuel casinos extended their closures indefinitely.

Elsewhere, The Gardens card club in Hawaiian Gardens is asking the state to release \$97 million surplus in its gambling control fund to card clubs, the Cerritos Community News reported.

The Gardens wants to use the money to help it reopen when the state's shut-down ends.

- IOWA. The shuttered Hard Rock casino in Sioux City will furlough 500 workers effective Wednesday.

- MICHIGAN. The Grand Traverse Band of Ottawa and Chippewa casinos will extend pay for employees through the end of April.

- MICHIGAN II (CORRECTION). Gun Lake casino, which extended its closure indefinitely, is owned and operated by the Gun Lake Tribe Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians, not Red Rock Resorts.

- NEW JERSEY. Monmouth Park will delay racing until July 4.

- OKLAHOMA. WinStar and the Muscogee Creek's eight casinos will remain closed through April 30. The Cherokee Nation extended its closures through May 1.

- OREGON. Indian Head Casino extended its closure to May 1.

The casino will pay employees through April 29.

- UNITED STATES. UNITE HERE and the Culinary Union are urging casinos throughout the country to continue to pay workers while properties are shut down.

In a video news conference, UNITE HERE International President D. Taylor called casinos a highly profitable industry and said they can but have not, taken advantage of borrowing money to retain workers.

Casino companies have reacted to the shutdowns in a range of actions from furloughing employees, to keeping them on for some time before furloughing, or as Las Vegas Sands and Wynn Resorts are doing - continuing to pay idled employees.

The news conference is at <https://www.culinaryunion226.org/blog/unite-here-calls-on-casino-companies-to-take-care-of-their-workers-2020-04-09>.

- WISCONSIN. Potawatomi casino in Milwaukee is furloughing 90 percent of its 2,700 employees. The casino has been closed since March 17.

INTERNATIONAL: AUSTRALIA, JAPAN, SWEDEN

- AUSTRALIA. The closing of brick-and-mortar casinos has Australians going to the online versions even though they aren't legal.

Online betting increased 67 percent in the past week, according to analytics consultancy AlphaBeta and credit firm Illion.

- JAPAN's Racing Association will now hold horse racing without spectators.

- SWEDEN is mulling a temporary shutdown of online casinos in an effort to avoid gambling-related harm, news outlet Dina Pengar reported.

Online casino registrations and logins were up 33 percent in the last two weeks as land-based gaming has closed.

However, gaming operator Svenska Spel says the figures do not accurately represent the market because they were based on 17 operators that only offer online casino games.

MONTANA AG ALSO APPEALS TO TRUMP

Montana Atty. Gen. Tim Fox has joined the list of public officials asking the Trump administration to allow small businesses with gaming revenues to borrow money under the Paycheck Protection Program.

Montana has 1,400 gaming licensees operating 16,000 slot machines and 262 card tables, according to the state's Gaming Industry Association.

President Trump has indicated he will consider the pleas.

Small Business Administration rules prohibit lending to any company that gets more than 30 percent of its revenue from gaming, a stipulation that American Gaming Association CEO Bill Miller has called outmoded.

DOING GOOD: BLOOMBERRY, COWLITZ, LVS, MERUELO, MGM, ROLLING HILLS, RUSH ST, SPECTACLE, UTE MTN

- BLOOMBERRY RESORTS converted part of the Manila-based Rizal Memorial Sport Complex into a 116-bed emergency facility for coronavirus patients.

- COWLITZ TRIBE. The owner of Ilani Casino near Vancouver, Washington donated \$500,000 to the Community Foundation of Southwest Washington and \$250,000 to three organizations in the Puget Sound Area.

- LAS VEGAS SANDS. A plane owned by LVS arrived in the US carrying two million surgical masks for healthcare providers in Nevada and New York.

- MERUELO GROUP's Sahara casino in Las Vegas has donated personal items to Cashman Isolation-Quarantine Complex, which is serving 350 homeless people who can't quarantine themselves.
- MGM RESORTS is helping deliver and store 250,000 COVID-19 test kits and protective equipment to essential personal and Nevada healthcare workers.
- ROLLING HILLS CASINO staffers are sewing masks for local healthcare workers.
- RUSH STREET. Employees at Rivers Casino in Schenectady, New York, are being furloughed, but a number of them on Saturday delivered holiday turkey dinners to health care workers at Ellis Hospital, WRGB-TV reported. They are scheduled to deliver meals again Tuesday to health care workers at four locations.
- SPECTACLE ENTERTAINMENT's Majestic Star in Indiana donated food boxes for up to 22 meals to more than 300 families, including 250 casino employees.
- UTE MOUNTAIN casino in Colorado has been turned into a food distribution center.

RELIEF FUNDS: MGM, PENN, WMH

- MGM RESORTS. Contributions to the MGM Resorts Foundation Emergency Relief Fund can be made at <http://www.mgmresortsfoundation.org/>.
- PENN NATIONAL employee relief fund contributions can be made at www.pnggaming.com/community.
- WILLIAM HILL US. Donations to the employee relief fund can be made at <https://donorbox.org/covid-19-donations-for-impacted-william-hill-us-employees>.

CONVENTIONS, TRADE SHOWS, CONFERENCES, EXPOS

Shows and conferences have been canceled or postponed due to the coronavirus outbreak. As new dates become available or for those that transition to webinars, they will be listed in our online calendar at <https://www.fantiniresearch.com/conventions.html>.

ABOUT THIS REPORT:

In Fantini's COVID-19 Gaming Daily report we consolidate all developments about the virus that have business and investment implications for the gaming industry. We will post them on our website until further notice. Fantini's COVID-19 Gaming Daily is a Special Report that is included with all levels of Fantini's Gaming Report subscriptions.

SUBSCRIBER RIGHTS AND CONDITIONS:

Copyright ©: Fantini's Gaming Report® and Fantini Research are divisions of Morning Report Research, Inc. All rights reserved. Our reports and content are protected by copyright and we reserve all rights except for as granted in this paragraph, and subject to the conditions stated below. We grant each subscriber and secondary recipient the right to receive, read, and utilize the reports and report contents for their individual use only. Your Subscriber Rights and Conditions give subscribers and secondary recipients the right to receive, read, and utilize the copyrighted reports and report contents for their individual use only. This right of individual use does not authorize providing whole or partial copies to others (even in your company) in any way, such as forwarding, posting, printing, file sharing, scanning, making photocopies, circulating, selling, publishing or otherwise. The right does not authorize any use by a person before he or she becomes a subscriber or secondary recipient. Any other right must be granted in writing by Morning Report Research, Inc. You agree to inform paid subscribers and recipients of the conditions on their use, and you authorize us, in our discretion, to employ tracking services to check their compliance. Unauthorized copying or distribution violates copyright law and may carry serious consequences.

SUBSCRIPTIONS:

Subscriptions to Fantini's Gaming Report are available for \$7,099 a year for the Full Service Suite, \$1,999 for the Enhanced Service, and \$1,099 for the Basic level. Subscriptions are limited to one primary subscriber who may, with permission, add a secondary recipient at the same company and URL at no additional charge, with Morning Report Research, Inc. first giving you written permission to do so. Affordable multi-user licenses are available and can be customized for any number of designated recipients. See Subscriber Rights and Conditions above. For additional information, call +1-302-730-3793. Subscriptions can be ordered by phone or online at <http://www.FantiniResearch.com>. Credit card payments and bank transfers are available or send payment to Morning Report Research, Inc., P.O. Box 1676, Dover, DE, USA 19903-1676.

T041220/ds

STAFF/CONTACT US:

Frank Fantini, publisher. FFantini@FantiniResearch.com
Ashley Diem, associate publisher and executive editor. ADiem@FantiniResearch.com
Dee Wild-Shyver, associate editor and VP of Virtual Trade Show. DWild@FantiniResearch.com
Laura Briggs, public policy editor. LBriggs@FantiniResearch.com
Blake Weishaar, editor. BWeishaar@FantiniResearch.com
Hannah Wilmarth, writer. HWilmarth@FantiniResearch.com
Dylan Kaplan, writer and project team member. DKaplan@FantiniResearch.com
Alex Capitle, marketing specialist. ACapitle@FantiniResearch.com
Cindy Konowitz, office manager. CKonowitz@FantiniResearch.com

Subscription inquiries: Subscriptions@FantiniResearch.com

Analyst notes: Analysts@FantiniResearch.com

News releases: Editor@FantiniResearch.com